

Michael B. Schaedle  
Stanley B. Tarr  
BLANK ROME LLP  
The Chrysler Building  
New York, NY 10174-0208  
Tel. (212) 885-5000  
Fax: (212) 885-5001

Counsel for PNC Mortgage, a Division of PNC Bank, NA

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

	:	Chapter 11
In re:	:	
	:	Case No. 12-12020(MG)
RESIDENTIAL CAPITAL, LLC, <i>et al.</i> ,	:	
	:	(Joint Administration)
	:	
Debtors.	:	<b>Re: Docket Nos. 4153 &amp; 4819</b>

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF PNC MORTGAGE, A  
DIVISION OF PNC BANK, NA TO THE JOINT CHAPTER 11 PLAN PROPOSED BY  
RESIDENTIAL CAPITAL, LLC ET AL. AND THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS**

PNC Mortgage, a division of PNC Bank, NA ("PNC Mortgage") hereby objects (this "Limited Objection"), on a limited basis, to the confirmation of the *Joint Chapter 11 Plan (Proposed by Residential Capital, LLC, et al. and the Official Committee of Unsecured Creditors* [Dkt. No. 4153] (as amended, modified, or supplemented, the "Plan"). In support of this Limited Objection, PNC Mortgage respectfully states that it has no general objection to the confirmation of the Plan, that it expects its issues can be accommodated easily, but that it must preserve its rights as follows:

1. Prior to the Petition Date,<sup>1</sup> PNC Mortgage entered into various agreements whereby PNC Mortgage would act as servicer with respect to certain mortgages on behalf of (i) the

---

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

Debtors and/or (ii) Ally Bank (the “SBO Servicing Agreements”).<sup>2</sup> Pursuant to the terms of the SBO Servicing Agreements and/or other relevant governing documents, PNC Mortgage is entitled to full repayment of all outstanding advances and related obligations upon a transition of servicing from PNC Mortgage to a third party servicer.

2. On or about November 8, 2012, PNC Mortgage filed Proof of Claim Nos. 3557, 3561, 3565, 3557, 3568, 3570, 3572 and 3574, which were amended and superseded on or about January 4, 2013, by PNC Mortgage’s Proof of Claim Nos. 6409, 6410, 6411, 6412, 6413, 6414, 6415, and 6416. Subsequently, PNC Mortgage withdrew all Proofs of Claim other than Proofs of Claim nos. 3574 and 6410 (collectively, Proof of Claim 3547 and 6410 are referred to as the “PNC Proof of Claim”). The PNC Proof of Claim asserts claims against Debtor, Residential Funding Company, LLC (“RFC”). The PNC Proof of Claim was timely filed pursuant to the relevant orders of this Court establishing a claim filing deadline [Dkt. Nos. 1309 and 2093].

3. Without limitation, the PNC Proof of Claim asserted contingent claims and rights against RFC and reserved all of PNC Mortgage’s rights against Ally Bank in connection with the SBO Servicing Agreements. In addition, the PNC Proof of Claim asserted an unsecured claim against RFC in the amount of at least \$7,472,608.00 in connection with amounts owed to PNC separate and apart from the SBO Servicing Agreements.

4. In respect of Ally Bank, PNC Mortgage is a party to a SBO Servicing Agreement with Ally Bank, dated August 16, 2005 (the “Ally SBO Servicing Agreement”) under which PNC Mortgage acts as a servicer on behalf of Ally Bank. Ally Bank has requested that PNC Mortgage transition servicing from PNC Mortgage to a third party servicer (the “Servicing

---

<sup>2</sup> The Servicing Agreements include agreements the Debtors and GMAC Bank, a predecessor in interests to Ally Bank entered into with affiliates and/or divisions of National City Bank, NA., predecessors in interest to PNC Mortgage.

Transition”). PNC Mortgage has agreed to the Servicing Transition subject to the required repayment of all advances and related obligations to PNC Mortgage under and in respect of the Ally SBO Servicing Agreement. The parties are in the process of completing the Servicing Transition and anticipate that the transition, including all required payments to PNC Mortgage, will be complete at some point in the fourth quarter of 2013.

5. The Plan classifies certain of the various claims of PNC Mortgage in Class RS-4 RFC and holders of such claims are allegedly subject to a Plan requirement of a third-party release in favor of the Ally Released Parties for all theories of liability relating to the Debtors. (Plan, Article IX.D). There are related exculpation and injunction provisions in the Plan. (Plan, Article IX.G-H).

#### **LIMITED OBJECTION**

6. As discussed above, under the Ally SBO Servicing Agreement and/or other relevant governing agreements, PNC Mortgage is entitled to full payment of all outstanding advances and related obligations owed to PNC Mortgage prior to the completion of the Servicing Transition. The Plan’s release at Article IX.D, releases Ally Bank broadly from all liabilities associated with the Debtors. It is unclear if the Ally release language could somehow be construed to negate the requirement to fully repay and reimburse PNC Mortgage if the Servicing Transition is not completed prior to confirmation of the Plan. Therefore, PNC Mortgage objects to the Plan to the extent that the Article IX.D release impairs PNC Mortgage’s rights to full reimbursement of servicing advances and related obligations in connection with the Servicing Transition if such transition is not completed prior to Plan confirmation. As it relates to its relationship with Ally Bank in respect of the Ally SBO Servicing Agreement, PNC Mortgage objects to the third party release in Article IX.D under applicable bankruptcy law and section 1129(a) of the Bankruptcy

Code. *See Deutsche Bank AG, London Branch v. Metromedia Fiber Network, Inc. (In re Metromedia Fiber Network, Inc.)*, 416 F.3d 136 (2d Cir. 2005). PNC Mortgage reserves all of its rights in respect of the Ally SBO Servicing Agreement and its advances and related obligations in connection therewith.

Dated: October 21, 2013

**BLANK ROME LLP**

/s/ Stanley B. Tarr

Michael B. Schaedle  
Stanley B. Tarr  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174-0208  
Tel: (212) 885-5000  
Fax: (212) 885-5001

-and-

Alan M. Root  
1201 N. Market Street, Suite 800  
Wilmington, DE 19801  
Tel: (302) 425-6400  
Fax: (302) 425-6464

*Counsel for PNC Mortgage, a Division of PNC  
Bank, NA*